



Setti D. Warren
Mayor

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Planning & Development

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CITY OF NEWTON

Planning and Development Board

AGENDA

DATE: **Monday, October 5, 2015**
TIME: 7:30 pm
PLACE: **Newton City Hall, Room 204**
1000 Commonwealth Avenue
Newton, MA 02459

Meeting as the Community Development Board

- 1. Public Hearing and Action Item:** Request by Citizens for Affordable Housing in Newton (CAN-DO), for \$309,293 FY16 CDBG/HOME funds for the acquisition and rehabilitation of existing two-family house located at 10-12 Cambria Road to create two, 2-bedroom units of rental housing, permanently affordable to households at up to 50% and 80% of area median income.

The location of this meeting is handicap accessible and reasonable accommodations will be provided to persons requiring assistance. If you need a special accommodation, please contact Jini Fairley, at least two days in advance of the meeting: jfairley@newtonma.gov or 617-796-1253. For Telecommunications Relay Service dial 711.

Preserving the Past  Planning for the Future



Setti D. Warren
Mayor

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James Freas
Acting Director

MEMORANDUM

To: Planning and Development Board

From: Elizabeth Valenta, Housing Programs Manager, Planning and Development Department
James Freas, Acting Director, Planning and Development Department

Cc: Josephine McNeil, Executive Director, CAN-DO, Inc.

Date: October 2, 2015

Re: 10-12 Cambria Road Affordable Housing Proposal

1. Overview

The Sponsor, Citizens for Affordable Housing in Newton Development Organization (CAN-DO, Inc.), is proposing to create two units of affordable rental housing through acquisition and rehabilitation of an existing two-family house located at 10-12 Cambria Road, Newton. The project would consist of two 2-BR units and will target families who are at-risk of homelessness. Supportive services will be provided to the households by CAN-DO. One unit will be affordable to households earning at or below 50% of Area Median Income (AMI) and the other unit will be affordable to households earning at or below 80% AMI. The project targets a priority population, extremely low and low income homeless families, as identified in the *FY16-20 Consolidated Plan*.



The projected total development cost is \$905,410. The Sponsor is seeking \$471,117 in Community Preservation Act (CPA) funding, \$309,293 in total federal Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funding and \$125,000 from other sources. See Attachment A.

As part of Newton's citizen participation process, the Planning and Development Board, the Community Preservation Committee, and other committees, as necessary.

2. Project Description:

The property is an existing 1,716 sq. ft. two-family house built in 1938. It is located on a 5,000 sq. ft. lot in the SR3 zone. This is a two-story home with vinyl siding, concrete foundation and an asphalt shingled roof. The existing two units have ten (10) total rooms, four (4) bedrooms and two (2) bathrooms. The unit also has an enclosed 44 square foot porch, 98 square foot deck and 66 square foot porch area. The project consists of the following unit mix and characteristics:

Unit	Affordability Level	Proposed Rent	# of Bedrooms	# of Baths	Living type	Gross Living Area
1	<80% AMI	\$1,466	2	1	Two-family attached, two-story	858 square feet (est.)
2	<50% AMI	\$924	2	1	Two-family attached, two story	858 square feet (est.)

3. CDBG and HOME Requirements

3.A. Income Targeting and Rents

As proposed, the project will meet CDBG income targeting criteria. Each unit will be rented to moderate-income households. Moderate-income households are defined as households earning at or below 80% of AMI.

The proposed rent structure assumes that tenants will pay for utilities. Under the City's Affordable Rent Policy, *"monthly rents charged to tenants cannot exceed 35 percent (if cost of rent only) of the monthly adjusted income of a household whose gross income is 70 percent of the Boston AMI."* If HOME funds are utilized for the project, at least one unit must charge no more than the Low HOME rent limit. The proposed rents for these units comply with this threshold, as shown below.

2 Bedroom Unit w/ 3 person Household size at or below 50% AMI

	Household Size	Max Gross Rent	(-) Utility Allowance	(=) Net Rent
Low HOME	3 person	\$1,108	\$194	\$924

In contrast, the median market rent for 2 and 3 bedroom units is \$2,200 and \$2,650, respectively.¹

3.B. Eligible Costs

¹ As of September, 2014. <http://www.zillow.com/newton-ma/home-values/>

The proposed use of CDBG and HOME funds would reimburse the project for acquisition, rehabilitation, deleading and soft costs. CPA funds would likely be used for acquisition, construction and soft costs.

3.C. Affordability Period

If funding for this project is approved, the City will impose an initial 30-year affordability period enforced by a declaration of affordable housing covenants running with the land. The City will submit an application to the Massachusetts Department of Housing and Community Development requesting that the project remain affordable in perpetuity.

3.D. Labor Requirements/ Procurement

The wage requirements of the Davis-Bacon Act do not apply to this project because it consists of less than eight total units. The Division will manage the competitive bid process in conjunction with the Purchasing Department in accordance with the City's Procurement Policy for Affordable Housing Projects.

3.E. Environmental Review

The City is required to conduct an environmental review prior to commitment of federal funds. As part of the assessment, if funding for this project is approved, staff will review evidence that the property is free of potentially hazardous materials and that the project will not have any adverse effect on the surrounding environment. The lead inspection report found the presence of lead, on some doors and windows. The costs for the lead abatement are estimated to be \$14,500.

4. Development Entity and Capacity

The Sponsor has demonstrated past experience in developing affordable rental housing using the acquisition-rehabilitation model, with 11 similarly developed units in its portfolio. Each of the completed units are occupied by low-or moderate-income tenants who represent numerous ethnic and racial backgrounds.

5. Design and Construction

5.A. Site Plans & Zoning / Permitting

The proposal will not require zoning relief.

5.B. Proposed Rehabilitation

The Division's Housing Rehabilitation/Construction Manager has reviewed the inspection report and the preliminary scope of work submitted by the project architect. The estimated cost of rehabilitation is approximately \$148,528, which includes necessary deleading. The rehabilitation scope includes:

- *Exterior Building Envelope Repairs:* Replace Roof; Repoint masonry chimney to prevent failure; Repair siding, siding trim, seal penetrations and repair gutters and downspouts to prevent water infiltration; Porch repair of decking, structural supports, lattice to prevent failure;

- *Interior Building Repairs/Rehab:* repartitioning of second floor kitchen with new cabinets and appliances;
- *Mechanical/Electrical System Repair/Replacement:* Addition of new heating system (currently both units on one system); insulation of attic; Replace/repair misc. plumbing including waste lines and valves; Repair electrical connections;
- *Basement Repair and Mold/Asbestos Remediation:* Remove basement ceilings and wall finishes to determine extent of mold, and to provide proper access to electrical panels; Remove/encapsulate/cover basement asbestos flooring tile; Repair/replace basement rotted/termite damaged partitions, stair and frame sills;
- *Lead paint testing and removal.*

The estimated rehabilitation cost is \$86/square foot. Recent projects with substantial rehabilitation have cost \$97/square foot, \$105/square foot and \$113/square foot, while projects with moderate rehabilitation have cost \$63/square foot and \$37/square foot.²

Staff believes that the scope of work consists of legitimate items that need attention or will avoid future issues.

6. Financials

The feasibility analysis is based on the Development Budget and an Operating Pro Forma and ten-year Operating Budget, both revised August 21, 2015. Particular items to note are identified below:

6.A. Proposed Financial Structure

The projected total development cost is \$905,410 (\$452,705 total cost per unit and \$390,205 public subsidy per unit). The proposed sources consist of 86% public subsidy (CDBG, HOME and CPA funds), 14% foundation grants (Charlesbank Homes and Federal Home Loan Bank). The purchase price of the property is \$610,000. Should the project move forward, the Division will hire an independent appraiser to confirm the as-is property value.

Overall, the project is financially feasible, but due to the limited amount of private debt the project can take on, a significant public subsidy is required. The principal reason for the amount of public subsidy is the current market conditions, as Newton's land cost continues to increase. The median sale price for a single-family dwelling in 2014 is \$948,250, which is up from \$890,000 in 2013.³ The median sale price of a two-family dwelling is \$795,000 in 2014, compared to \$665,000 in 2013.⁴ Sixty-Seven percent of the project cost is for acquisition.

² Total rehabilitation cost divided by gross building area. \$97/square foot – 54 Eddy Street \$105/square foot – 61 Pearl Street; \$113/square foot – existing group residence; \$63/square foot – 20-22 Falmouth Road; \$37/square foot – 2148-50 Commonwealth Avenue

³ The Warren Group <http://rers.thewarrengroup.com/sor/tssearch.asp>; calendar year 2013 and 2014 (year-to-date for 2014)

⁴ City of Newton Assessor's Department; calendar year 2013 and 2014 (year-to-date for 2014)

The cost is further compounded by the tradeoff of project scale and the project's affordability level. Spreading the cost over two units result in a higher per unit cost. A project with more units could potentially have a greater impact on the surrounding neighborhood, but could also substantially reduce the overall cost (if the project includes market rate units) and the cost per unit. The proposal is underwritten at rents affordable to households at 50% AMI and 80% AMI. However, the sponsor has indicated that the target population will be at lower income levels and likely have housing vouchers. For comparative purposes, the table below shows the total development costs, total public subsidy per unit and subsidy per bedroom of similar projects since 2005.

Project Address/ Sponsor/Year	Project Type and Scope	Affordable Units	Total Development Cost	Total Public Subsidy/Unit ⁵	Total Public Subsidy/Bed
10-12 Cambria Road, 2015	Rental Acquisition/Rehab –	2	\$905,410	\$390,205	\$195,103
54 Taft Avenue CAN-DO 2014	Rental – Acquisition, Rehab/Construction	2	\$1,134,029	\$482,014	\$192,806
54 Eddy St. CAN-DO 2012	Rental Acquisition and Rehab –	2	\$1,115,250	\$472,625	\$189,050
61 Pearl Street CAN-DO 2010	Rental Acquisition and Rehab –	3	\$1,370,000	\$381,667	\$190,833
2148-50 Commonwealth Ave. CAN-DO 2009	Rental Acquisition and Rehab –	2	\$950,000	\$337,500	\$135,000
11-13 Cambria Road CAN-DO 2006	Rental Acquisition and Rehab –	2	\$1,437,511	\$315,512	\$126,205
20-22 Falmouth Street CAN-DO 2005	Rental Acquisition and Rehab –	2	\$1,178,933	\$325,601	\$130,240
163 Jackson Road CAN-DO 2005	Rental Acquisition and Rehab –	2	\$1,178,048	\$325,158	\$130,063

6.B. Developer Fee

The developer fee and overhead are projected at \$66,327, or 8% of total development costs, excluding the replacement reserve fund. The proposed fee is within the standard recommended by the National Council of State Housing Agencies of 15%. It is also lower than the 10% distribution limit allowed under Chapter 40B.

6.C. Cash Flow

The proposal is viable from a cash flow perspective with sufficient income to cover expenses based on a projected \$2,471 Net Operating Income (e.g. income after expenses) once the

⁵ Includes all HOME, CDBG and/or CPA public subsidy grants and loans

property is fully leased. The proposal reflects a fully funded development with no mortgaged debt.

7. Architectural Accessibility

7.A. Design and Construction Applicability

The City's Accessibility in Affordable Housing Guidelines encourages applicants to enhance the accessibility of their projects to the extent that it is financially feasible. The Sponsor has not proposed adding accessibility features.

8. Fair Housing and Equal Opportunity

CDBG or HOME does not require affirmative marketing for a project of this size. However, the Local Initiative Program will require the submittal of an affirmative marketing plan prepared in accordance with Section III of the Chapter 40B Guidelines, and a description of the lottery process that will be used for the project.

If approved, this proposal would, to the greatest extent possible, provide employment and training opportunities to lower-income area residents and businesses during construction, as required by Section 3 of the Housing and Urban Development Act of 1968.

9. Community Need

Affordable rental housing is in great demand. The Newton Housing Authority waiting list for family public housing is approximately seven years. According to the U.S. Census approximately 24 percent of Newton's population earning below 80% of AMI and many of these residents are housing cost burdened.

As stated in the City's *FY16-20 Consolidated Plan* and the *FY16 Annual Action Plan*, it is a priority objective to provide deeper development subsidies per unit in projects, so long as the developer provides at least one of the following: 1) units that are accessible to persons with disabilities, where not required by applicable law and there is a substantiated market demand; 2) units for low-income households (at or below 50% of AMI) that do not have rental assistance; 3) units that provide permanent supportive housing to homeless persons including veterans; and 4) units for persons with special needs with accompanying support services.

This proposal creates new affordable rental housing opportunities for one household earning up to 80% of AMI and one household earning up to 50% AMI without rental assistance, meeting the priority objective #2 identified above. However further clarification is required to reconcile the target population with the income levels.

10. Recommendation

While the project has several merits, and is generally in line with recent projects, there are several issues related to both the project and the sponsor organization that should be resolved prior to the board voting on the funding recommendation. The two main issues that the Division has identified with respect to the project include; (1) the proposal submitted is not

complete and there are outstanding questions regarding tenant selection and supportive services; and (2) there are organizational issues including meeting conditions imposed for the funding of the Taft Avenue project and HUD currently requires that all Community Housing Development Organizations (CHDO) be re-certified prior to funding annually and prior to committing funds to individual projects.

In addition, the Division continues to seek projects that leverage city-controlled federal funds to develop a greater number of affordable housing units and introduce greater diversity of housing unit types into Newton's housing stock. Such larger projects are essential to ensuring opportunities for households across the full range of low and moderate incomes and meeting the needs of Newton's changing demographics, which are the outcomes driving the Mayor's goal of creating 800 new units of SHI eligible housing, by 2021. To achieve these goals the City has recently announced that the Planning & Development Department will be issuing a Request for Proposals (RFP) in the Spring of 2016, following the completion of the Housing Strategy, for allocation of Newton controlled federal funds for Housing Development.

Although the intention is to allocate all CDBG and HOME funds through this RFP, the Division is recommending that the project be allocated the following FY16 HOME funds:

FY16 Projects/Program Funds	\$98,496.90
<u>FY16 CHDO Set-Aside Funds</u>	<u>\$21,106.55</u>
TOTAL HOME Funds Allocation	\$119,603.45

The project sponsor will need to seek additional sources to finance the funding shortfall of \$189,690.

With respect to the funding application for the project, the division has not received a complete application and at this time and would request that the Planning and Development Board review the project as submitted and discuss the funding potential, but delay a vote on funding recommendations until CAN-DO submits additional required project material including the following:

- Purchase and Sale Agreement
- Commitment letter for non-Newton funding
- Additional narrative of supportive services
- Affirmative Marketing and Resident Selection Plan (reconciling population served with rent levels and if applicable confirmation of voucher availability)

Finally, the Division requests that CAN-DO take clear steps to meet conditions outlined in the approval of CDBG and HOME funds for Taft Avenue (Attachment B), specifically, the organizational requirements including the submission of financial audit, operating budget, etc. and the submission of organizational strategic plan.

City of Newton



Newton, Massachusetts
FUNDING REQUEST for AFFORDABLE HOUSING DEVELOPMENT
FY15 or FY16

☒ **PRE-PROPOSAL**
☐ **PROPOSAL**

You may adjust the space for each question,
 but the combined answers to all questions on this page must fit on this page.

(For staff use)
 rec'd
 21 Aug. 2015;
 p. 1 funding
 corrected to
 match p.2,
 10 Sept. 2015

Setti D. Warren

Project TITLE	10-12 Cambria Road Affordable Housing			
Project LOCATION	Full street address (with zip code), or other precise location. 10-12 Cambria Road, West Newton, MA 02465			
Project CONTACTS	Name & title of organization	Email	Phone	Mailing address
Manager/ Developer	Josephine McNeil, Executive Director, CAN-DO	Jam_cando@msn.com	617-964-3527	1075 Washington Street West Newton, MA 02465
Project FUNDING	Newton CDBG/HOME/CPA funds requested: \$780,410	Total other funds to be used: \$125,000	Total project cost: \$905,410	
Project SUMMARY & NEEDS	Location (amenities within walking distance, access to transit); short summary of details on page 2 (rehabilitation or new construction; target population; type of housing; unit composition; special features); and brief citations (section & page) showing how the project meets needs identified in Newton's <i>Comprehensive Plan</i> , <i>Consolidated Plan</i> , or <i>Community Preservation Plan</i> (if relevant).			
<p>The property is located in West Newton, close to the Waltham border. The 554/556 MBTA bus route which runs between Waltham and Newton is within two blocks of the property. Within one block is a convenience store, and a laundromat. The elementary school is within walking distance, the middle school is approx. one mile away and the high school is within 1.5 miles, both accessible on the bus line.</p> <p>The existing two-family will be renovated:</p> <ul style="list-style-type: none"> – Replace Roof; – Repartitioning of second floor kitchen with new cabinets and appliances; – Addition of new heating system (currently both units on one system); insulation of attic, rim joists and exterior walls; – Repoint masonry chimney to prevent failure; – Repair siding, siding trim, seal penetrations and repair gutters and downspouts to prevent water infiltration; – Porch repair of decking, structural supports, lattice to prevent failure; Remove basement ceilings and wall finishes to determine extent of mold, remediation if necessary and to provide proper access to electrical panes; – Remove/encapsulate/cover basement asbestos flooring tile; – Repair/replace basement rotted/termite damaged partitions and stair – Replace termite damaged frame sills in basement; – Replace/repair misc. plumbing including waste lines and valves; – Repair electrical connections; and – Lead paint testing and removal. <p>The population to be served by the housing are extremely low and low income homeless families. This is a population identified as the top priority on p. 113 of the <i>FY16-20 Consolidated Plan</i>. (SP-25)</p>				

City of Newton Funding Request for Housing Development

FORM, page 2 of 3

You may adjust spaces, but the combined answers to all questions on this page must fit on this page.

Project TITLE	10-12 Cambria Road Affordable Housing					
SOURCES OF FUNDS <i>Check all that apply and identify if funds are committed or proposed.</i>						
<input checked="" type="checkbox"/> CDBG funds	\$309,293	<input type="checkbox"/> Other (identify sources)				
<input type="checkbox"/> HOME funds	\$	Private Foundation		\$50,000		
<input checked="" type="checkbox"/> CPA funds	\$471,117	FHLB Boston of AHP		\$75,000		
<input type="checkbox"/> Private bank loan	\$			\$		
USES OF FUNDS <i>Check all that apply.</i>						
Acquisition	<input checked="" type="checkbox"/> Rehabilitation	<input checked="" type="checkbox"/> Mortgage buydown	<input type="checkbox"/> Site preparation/ remediation			
For CPA: <input checked="" type="checkbox"/> Creation						
TARGET POPULATION & SPECIAL FEATURES <i>Check all that apply.</i>						
<input checked="" type="checkbox"/> Individual/Family			<input checked="" type="checkbox"/> Homeless/At Risk of Homelessness			
<input type="checkbox"/> Special needs/disabilities (identify population & provider of support services, if any):						
<input type="checkbox"/> Special features (historic preservation, sustainability, etc.):						
TYPE OF HOUSING <i>Check all that apply.</i>						
<input checked="" type="checkbox"/> Rental			<input type="checkbox"/> Combination or other (identify):			
<input checked="" type="checkbox"/> Individual/single family						
UNIT COMPOSITION <i>List the development's number of units in each category.</i>						
	Total	≤ 30% AMI	≤ 50% AMI	≤ 80% AMI	80-100% AMI	Market-rate
2 BR	1		1			
3 BR	1			1		
OUTREACH <i>Summarize efforts to date to communicate with abutters, neighborhood residents & ward aldermen.</i>						
<p>I have spoken to one ward alderman who has committed to communicating with his colleagues in Ward 3.</p> <p>This an existing property and no changes will be made to the exterior; thus there is no obligation to notify neighbors.</p>						

Attachments struck out below are not needed for this project.

Project TITLE		10-12 Cambria Road Affordable Housing	
Required	Check if included	HOUSING PROPOSAL ATTACHMENTS CHECKLIST Pre-proposals need only the attachments highlighted in yellow.	
always		LETTERS or PETITIONS of SUPPORT, if available	
always	✓	PHOTOS	of site conditions & surroundings (2-3 photos may be enough for pre-proposal)
	✓	MAP	of site in relation to nearest major roads, schools, shopping, transit, etc.
	✓	TIMELINE	including financing, permitting, construction & occupancy
SITE CONTROL & PROJECT FINANCES			
always		Legally binding option, purchase & sale agreement or deed	
		Developer commitment to pursue permanent affordability	
		Appraisal by an independent, certified real estate appraiser	
	✓	Development pro forma (pre-proposals need only a short draft)	
		Scope of construction work, supported by professional cost estimates	
		Non-Newton funding: sources, commitment letters or application/decision schedules	
		Market analysis: including prevailing/trending rents or prices & target population	
as needed		Home inspection report by a licensed professional, for rehabilitation projects	
		Budget for temporary or permanent relocation, if there are existing tenants	
rental only	✓	Capital needs assessment for multifamily rehabilitation of ≥ 26 units using HOME funds	
		10-year operating budget (pre-proposals need only a short draft)	
		Rental subsidy, if any: sources, commitment letters or application/decision schedules	
DEVELOPER CAPACITY & QUALIFICATIONS			
always		Organization mission & current housing portfolio, including how this project fits both	
		Previous similar projects completed, with photographs	
		Resumes for development team, including affiliations with City boards or commissions	
		Most recent audited annual financial statement of parent company or organization	
		Fair housing training completed	
		Any past fair housing complaints & their resolution	
nonprofits		Most recent annual operating budget	
		Board of directors: including skills, experience, tenure & affiliations	
SITE REVIEW, ZONING & PERMITTING			
always		Brief property history, covering at least the previous 30 years of ownership & use	
		Environmental mitigation plan, including lead paint, asbestos, underground tanks	
		Confirmation of review by Development Review Team (DRT) and zoning relief / permits required (such as parking, building, demolition, comprehensive or special permit)	
		Other approvals required: Newton Conservation or Historical Commission, Commission on Disability, Mass. Historical Commission, Mass. Architectural Access Board, etc.	
DESIGN & CONSTRUCTION			
always		Site & floor plans, elevations	
		Materials & finishes; highlight "green" or sustainable features or proposed certification	
as needed		Detailed site & floor plans, elevations for major rehabilitation and all new construction	
RELOCATION, FAIR HOUSING & ACCESSIBILITY			
always		Affirmative marketing & resident selection	
		Reasonable accommodation/reasonable modification policy	
as needed		Plans/notices for relocation	
		Architectural access worksheet: applicable requirements & proposed features	

Rec'd by CPC staff 24 August 2015

10-12 CAMBRIA ROAD TIMELINE	
Offer	28-Jul-15
Housing Partnership (1st discussion)	12-Aug-15
Purchase & Sale	August-September 2015
Housing Partnership (2nd discussion)	9-Sep-15
CPC pre-proposal discussion	9-Sep-15
full proposal due to CPC	1-Oct-15
Closing	October 2015
P&D Board	October 2015
CPC public hearing & possible funding vote	5-Nov-15
Board of Aldermen committees / vote	November-December 2015
Grant agreements/ deed restriction	January 2016
Bidding	January-February 2016
Construction	February-March 2016
Marketing/Rent-Up	March 2015
Occupancy	April 2015

Terrence G. Heinlein AIA
1 Aberdeen Road
Weston, MA 02493

Proposed scope of work, and associated costs, for the partial renovation of 10-12 Cambria Road, Newton, MA	
PROPOSED SCOPE OF WORK	
BASEMENT	
Remove and dispose basement ceiling and wall finishes.	\$1,600
Allow remediation of possible/likely wall mold.	\$12,500
Remove/encapsulate/cover basement asbestos flooring and pipe cover.	\$5,300
Remove and replace basement damaged partitions and stair.	\$1,400
Replace termite damaged frame wall sills.	\$8,800
Repair nonconforming electrical connections.	\$850
Repair nonconforming plumbing, including waste and valves.	\$1,900
Modification to existing heating system, including new boiler.	\$15,000
TOTAL BASEMENT AREA SCOPE AND RELATED COSTS	\$47,350
FIRST FLOOR	
Repair of side access stairs, railing, and landing.	\$1,750
Removal and refinishing of interior entry stair ceiling to increase height.	\$2,100
Repair first floor main entry porch, including frame, deck, and skirt.	\$8,300
TOTAL FIRST FLOOR AREA SCOPE AND RELATED COSTS.	\$12,150
SECOND FLOOR	
Demolition of existing second floor kitchen, and alcove.	\$850
Reframing of existing second floor kitchen, and alcove.	\$900
Second floor kitchen cabinetry.	\$7,400
Second floor kitchen appliances.	\$3,100
Second floor drywall.	\$1,700
Second floor trim.	\$450
Second floor doors, frames, hardware.	\$1,150
Second floor painting.	\$2,300
Second floor heating, ventilating, exhaust.	\$2,600
Second floor plumbing.	\$1,350
Second floor electrical (relocate panel)	\$5,200
TOTAL SECOND FLOOR AREA SCOPE AND RELATED COSTS.	\$27,000
EXTERIOR ENVELOPE	
Repair, seal, and replace coil stock trim, and damaged siding components.	\$9,400
Repair gutters and downspouts. Add splashblocks.	\$1,025
Repoint masonry chimney.	\$2,200
Replace roofing, underlayment and drip edges.	\$12,000
TOTAL EXTERIOR ENVELOPE SCOPE AND RELATED COSTS	\$24,625
MISCELLANEOUS	
Lead paint testing and remediation.	\$14,500
Insulation of rim joists, exterior walls, and attic (work by nonprofit energy company)	\$9,400
TOTAL MISCELLANEOUS SCOPE AND RELATED COSTS.	\$23,900
TOTAL PROJECTED SCOPE COSTS	\$135,025
10% CONTINGENCY	\$13,503
TOTAL CONSTRUCTION SCOPE COSTS	\$148,528

PROPOSED PROJECT SCHEDULE:	weeks required
Construction Documents (post P & D board approval)	5
Construction Bidding.	3
Construction Contract Signing	2
Construction Phase	12
TOTAL	22

10-12 CAMBRIA ROAD DEVELOPMENT BUDGET

USES of FUNDS		ORIGINAL	NOTES
TOTAL ACQUISITION COST		\$ 610,000	
CONSTRUCTION COSTS:			
Direct Construction Costs		\$ 135,025	inc. lead/asbestos remediation based on Pearl Street (2/3)
Construction Contingency	10%	\$ 13,503	
Subtotal Construction		\$ 148,528	
TOTAL ACQUISITION AND CONSTRUCTION		\$ 758,528	
SOFT COSTS			
Architect/Engineer		\$ 20,000	
Survey		\$ 2,000	
Building Permits		\$ 2,430	
Legal		\$ 3,500	
Title and Recording		\$ 2,500	
Real Estate Taxes		\$ 5,500	
Liability Insurance		\$ 4,000	
Builder's Risk insurance		\$ 3,500	
Appraisal		\$ 600	
Loan Interest	8 months	\$ 20,112	
Pre-development			
Relocation			
Subtotal Soft Costs		\$ 64,142	
Soft Cost Contingency	10%	\$ 6,414	
TOTAL SOFT COSTS		\$ 70,556	
Subtotal (Acquisition, Construction, & General Development)		\$ 829,084	
>Developer Overhead/Fee	8%	\$ 66,327	
Fund Replacement Reserve		\$ 10,000	
TOTAL DEVELOPMENT COSTS		\$ 905,410	

FUNDING SOURCES			
City of Newton - CDBG/HOME		\$ 309,293	
CPA GRANT		\$ 471,117	
Charlesbank Homes		\$ 50,000	
FLHB (Grant)		\$ 75,000	
TOTAL SOURCES		\$ 905,410	



Setti D. Warren
Mayor

City of Newton, Massachusetts

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James Freas
Acting Director

Conditions for approval of CDBG and HOME funds for a two-unit affordable housing project at 54 Taft Avenue (the "Project")

1. CAN-DO provides a report to the Planning and Development Board (P&D Board) at a six-month interval; the first when the organization's yearly audit is available and the second six months following. The following key information should also be provided:
 - i. Real Estate Owned Schedule (in a standard format created by the Planning Department, including cash flows, income/expenses, mortgage debt, terms);
 - ii. Operating and replacement reserve balances;
 - iii. Projected versus actual organizational budget; and
 - iv. Any additional information requested by the P&D Board or staff.

The report should build on previous reports to track status over time.

2. An organizational strategic plan that includes the following elements which CAN-DO, Inc. promised to provide to the City in 2009 as part of a loan forgiveness agreement:
 - i. Identifying techniques to strengthen role of board members
 - ii. Develop 5-year succession plan for Executive Director
 - iii. Identify ways to increase support for Executive Director for day-to-day operation

This plan should also include strategies that address the following issues as well as provide a timeline for implementation and ongoing updates to the Planning and Development Board in conjunction with the financial update described in #1.

- i. Explore alternative financial sources to support operating costs
- ii. Explore alternative development models

Release of the Taft Ave. project retainage (10% of total grant), is contingent upon delivery of the organizational strategic plan. In addition, the purpose of the reviews (as described in #1 and #2 above) is for the P&D Board to provide a recommendation to staff regarding the organization's progress on building organizational capacity and financial stability. This recommendation will assist staff in determining CAN-DO's annual recertification as a Community Housing Development Organization, based on the regulatory requirements (24 Part 92.250(b)(2) and 24 Part 92.2) and the WestMetro HOME Consortium's CHDO Policies and Procedures (dated 1/2014).

3. Federal funds will not be released until a building permit for the Project is granted.

4. Project cost savings are returned to the respective grant program(s) upon completion.
5. Notify Planning Department if/when operating reserves are disbursed for the Project.
6. When or if the funds become available, proof of CAN-DO's submitted application for Massachusetts Rental Voucher Program funding to pay for the Project's supportive services. (In 2014, the Commonwealth awarded 149 of these vouchers to owners of existing, affordable rental properties, who provide services or partner with an agency that has experience with successfully stabilizing homeless or very low-income households).
7. Provide narrative of the supportive services program design, identifying proposed benchmarks for success and the sustainability of those services. The narrative must include:
 - i. A list of the projected "*outputs*" of the supportive service. "*Outputs*" are direct products of program activities (*e.g. hours of service, household savings, percent increase in credit score, etc.*)
 - ii. The desired "*outcomes*" of the supportive services (*What positive changes will occur in individuals, groups, or families as a result of this service?*)
8. Supportive service outputs and outcomes will be reported by CAN-DO to the Planning Department no less than annually, similar to CDBG Human Services subrecipients.
9. HOME funds cannot be committed until firm commitments are received from all other sources identified in the most recent Development Budget (this is a federal requirement).